

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 CU-04 EB-11 COME-00 STR-08 SS-20 NSC-10 DRC-01

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FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3423

C O N F I D E N T I A L GENEVA 274

E.O. 11652: GDS

TAGS: ECON, NATO, PFOR

SUBJECT: CSCE: SUBCOMMITTEE ON COMMERCIAL EXCHANGES

REF: STATE 10232

SUMMARY: THE U.S. OBJECTIONS TO THE EC-9 DRAFT RESOLUTION ON TRADE OBSTACLES, CORRESPONDING TO PARAGRAPH 31 OF THE HELSINKI RECOMMENDATIONS, WERE NOT ACCEPTED BY THE COMMUNITY AT THE NATO CAUCUS ON JAN. 17. CANADA SUPPORTED THE U.S. ON TWO OF THE THREE POINTS RAISED IN THE REFERENCE INSTRUCTION BUT WE RECEIVED NO OTHER SUPPORT. GUIDANCE IS REQUESTED BY OPENING OF BUSINESS MONDAY, JANUARY 21 ON THE REMAINING ISSUES. END SUMMARY.

1. IN ACCORDANCE WITH DEPT'S INSTRUCTIONS, WE URGED SUBSTITUTION OF PHRASE "REMOVAL OF OBSTACLES TO FREE FLOW OF TRADE" FOR MFN REFERENCE IN PARA G OF EC-9 DRAFT QUOTED IN USNATO 140. SEVERAL EC COUNTRIES SPOKE AGAINST US ON THIS, POINTING OUT REFERENCE TO MFN WAS CONFINED TO PREAMBLE, "A WEAK REFERENCE AT A WEAK PLACE." THEY CLAIMED FAILURE TO MENTION SUBJECT WHICH SPECIFICALLY COVERED IN HELSINKI RECOMMENDATIONS.  
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TIONS COULD INVITE REJECTION OF DRAFT AND HAVE UNFAVORABLE

EFFECT ON CONFERENCE AS A WHOLE. FRANCE SAID EC-9 MFN FORMULATION, WHEN IMMEDIATELY BALANCED BY CLAUSE ON RECIPROCITY OF ADVANTAGES AND OBLIGATIONS, HAD A LONG HISTORY OF ACCEPTANCE. (USDEL COMMENT: WE ARGUED THAT PRESENT LANGUAGE SINGLES OUT U.S. MFN PROBLEM, BUT ALLUDES TO WEST EUROPEAN QUOTAS, WHICH OF AT LEAST EQUAL CONCERN TO EAST, ONLY INDIRECTLY IN PARA J. ALTHOUGH WE RAISED TACTICAL CONSIDERATIONS MENTIONED BY DEPT, WE WISH TO POINT OUT EAST WILL OBVIOUSLY PROPOSE LANGUAGE ON THIS POINT AND IT SEEMS BETTER TO CONTROL THE FORMULATION OURSELVES RATHER THAN BE CONFRONTED WITH LANGUAGE WHICH IS MORE OBJECTIONABLE TO US OR EXPLOITS US-EC SPLITS OVER DEFINITION OF MFN).

2. U.S. PRESSED FOR ADDITION OF "CONSISTENT WITH INTERNATIONAL COMMITMENTS" CLAUSE PARA O. WHILE OBJECTIONS TO THIS WERE NOT EXPRESSED AS STRONGLY BY EC-9 AS THEIR VIEWS ON MFN, THEY URGED US TO CONSIDER ADVANTAGES OF NOT INTRODUCING THIS CAVEAT AT PRESENT TIME BUT TO "KEEP IT IN OUR POCKETS" FOR USE AS NEEDED IN RESPONSE TO EAST'S COUNTERPROPOSALS ON OPERATIVE LANGUAGE OF THIS RESOLUTION. CANADA SUPPORTED US ON THIS POINT AND MFN QUESTION BUT OTHER NATO COUNTRIES DID NOT.

3. WE EXPLAINED DEPT'S CONCERNS ABOUT PARAS K, L AND N AND DISCUSSED INCLUSION OF THESE POINTS UNDER A SINGLE ESCAPE CLAUSE SUCH AS "WITHIN MEANS AT THEIR DISPOSAL." WHILE EC-9 NOT ENTIRELY CLOSED TO IDEA, THEY WANT TO AVOID OVER-USE OF VARIOUS CAVEATS WHICH WATER DOWN ALREADY WEAK RESOLUTIONS. THEY POINT OUT PARA K ALREADY CONTAINS ESCAPE CLAUSE AND PARA L ONLY CALLS ON STATES TO TRY OR STRIVE ("S'EFFORCERONT") TO AVOID ABRUPT FLUCTUATIONS IN THEIR EXCHANGES. EC-9 CLAIMS PARA N. IS WEAKER THAN PARA 3 OF US-USSR TRADE AGREEMENT (ALTHOUGH NATURE OF COMMITMENT IS OF COURSE DIFFERENT).

4. EC-9 EXPLAINED PARA M MEANS EAST SHOULD CONCENTRATE ON IMPROVING THE QUALITY OF ITS CONFIDENTIAL

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INDUSTRIAL GOODS FOR EXPORT AND ITS MARKETING METHODS.

5. WOULD APPRECIATE DEPT'S FURTHER COMMENTS ON FOREGOING, IF POSSIBLE FOR USE IN NATO CAUCUS OR WORKING GROUP JAN 21. FOR REASONS GIVEN ABOVE AND IN ABSENCE STRONG SUPPORT FROM OTHER NATO COUNTRIES, WE DO NOT BELIEVE IT WOULD BE FRUITFUL TO PRESS MUCH FURTHER ON

MFN QUESTION. SUGGEST, IF DEPT STILL HAS CONCERNS  
RE COMMITMENTS IMPLIED IN PARAS K,L AND N THAT  
WE BE AUTHORIZED TO MAKE FURTHER ATTEMPT TO INCLUDE  
THESE POINTS UNDER SINGLE CAVEAT SIMILAR TO THAT  
NOW FOUND IN K.BASSIN

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## Message Attributes

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